

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|--|-------------------------|---|------------------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name ZEELAND CHARTER TOWNSHIP | County OTTAWA |
| Fiscal Year End 12/31/06 | Opinion Date 6/25/07 | Date Audit Report Submitted to State 6/29/07 | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

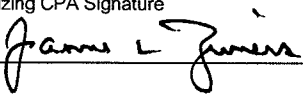


Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☒ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | |
|--|-------------------------------------|---|------------------------------|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | |
| Financial Statements | <input checked="" type="checkbox"/> | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | See other | |
| Other (Describe) Communication - Significant | <input checked="" type="checkbox"/> | Deficiencies and Material Weaknesses (as required by SAS 112) | |
| Certified Public Accountant (Firm Name) FERRIS, BUSSCHER & ZWIERS, P.C. | | Telephone Number (616) 392-8534 | |
| Street Address 675 E. 16TH STREET, SUITE 100 | | City HOLLAND | State MI |
| | | Zip 49423 | |
| Authorizing CPA Signature  | | Printed Name JAMES L. ZWIERS, C.P.A. | License Number 1101009267 |

**ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN**

FINANCIAL STATEMENTS

DECEMBER 31, 2006

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June 25, 2007

Township Board
Zeeland Charter Township
Ottawa County, Michigan

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of Zeeland Charter Township, Ottawa County, Michigan as of and for the year ended December 31, 2006, as listed in the index. The basic financial statements are the responsibility of the management of Zeeland Charter Township, Ottawa County, Michigan. Our responsibility is to express an opinion on the basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of Zeeland Charter Township, Ottawa County, Michigan as of December 31, 2006, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through vii and 19 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining financial statements listed in the index are presented for purpose of additional analysis and are not a required part of the basic financial statements of Zeeland Charter Township, Ottawa County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Ferris, Busscher & Zwiens
FERRIS, BUSSCHER & ZWIERS, P.C.
Certified Public Accountants
Holland, Michigan

ZEELAND CHARTER TOWNSHIP
Management's Discussion & Analysis
December 31, 2006

This section of Zeeland Charter Township's annual financial report presents our analysis of the Township's financial performance during the fiscal year ended December 31, 2006. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Township's total net assets increased by \$3,634,147 (or 65 percent).
- The Township's assets exceeded its liabilities at the close of the most recent fiscal year by \$9,248,429 (net assets).
- The Township's total long-term debt shows a net increase of \$580,000 during 2006. This is the result of the Township making its required scheduled debt service payments and issuing one bond during the year.
- The Township's governmental funds reported combined ending fund balances of \$10,003,679, an increase of \$1,995,130 in comparison with 2005.
- Unreserved, undesignated fund balance for the General fund was \$2,135,700 or 127% of total General fund expenditures and transfers out.

Overview of the Financial Statements

This annual report consists of three parts; management's discussion and analysis, financial statements, and supplementary information. The management's discussion and analysis is intended to serve as an introduction to Zeeland Charter Township's basic financial statements. The financial statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

Government-wide financial statements. The financial statements of the Township report information about the Township using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The statement of net assets includes all of the Township's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Township creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Township and assessing the liquidity and financial flexibility of the Township.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., special assessments and accrued interest).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include legislative, general government, public safety, public works and parks and recreation.

ZEELAND CHARTER TOWNSHIP
Management's Discussion & Analysis
December 31, 2006

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in the evaluation of a government's near-term financing requirements. Following the governmental funds balance sheet and the governmental statement of revenues, expenditures and changes in fund balances, reconciliations are provided to facilitate the comparison between governmental funds and governmental activities.

The Township maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the nine major funds. The Township has three non-major funds. These include one debt service fund and two capital project funds. Data from the three non-major governmental funds are combined into a single aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Township adopts an annual appropriated budget for its General, Road and Fire funds. Budgetary comparison statements have been provided herein to demonstrate the compliance with those budgets for the major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township accounts for one fiduciary fund – agency fund for property tax collection.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Our analysis of the Township begins on page 1 and 2 in the financial statements. Over time, increases or decreases in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. In the case of Zeeland Charter Township, assets exceeded liabilities by \$9,248,429 at the close of the fiscal year. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed governmental legislation to gain a complete picture.

A substantial portion of the Township's net assets, \$2,710,753 (29 percent) reflects its investment in capital assets (e.g. land, buildings, sewer and water systems, equipment) less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table shows, in a condensed format, the net assets of Zeeland Charter Township as of December, 31 2006 and 2005:

ZEELAND CHARTER TOWNSHIP
Management's Discussion & Analysis
December 31, 2006

Table 1 - Condensed Statements of Net Assets

| | <u>FY</u> <u>2006</u> | <u>FY</u> <u>2005</u> |
|---|--|--|
| Current and other assets | \$ 13,470,225 | \$ 10,090,599 |
| Capital assets | <u>6,490,752</u> | <u>5,829,671</u> |
| Total assets | <u>\$ 19,960,977</u> | <u>\$ 15,920,270</u> |
| Long-term debt outstanding | \$ 9,910,000 | \$ 9,330,000 |
| Other liabilities | <u>802,548</u> | <u>975,988</u> |
| Total liabilities | <u>\$ 10,712,548</u> | <u>\$ 10,305,988</u> |
| Invested in capital assets, net of related debt | \$ 2,710,753 | \$ 3,029,671 |
| Restricted | 4,213,058 | 3,324,952 |
| Unrestricted (deficit) | <u>2,324,618</u> | <u>(740,341)</u> |
| Total net assets | <u>\$ 9,248,429</u> | <u>\$ 5,614,282</u> |

Total assets in the Township increased by \$4,040,707 (25 percent) over 2005. This change is largely a result of the addition of long term capital assets (e.g. bike paths, sewer infrastructure and fire equipment) and changes in bond related assets. In this area, you will also note a significant increase in net receivables. In 2006, the Township put into service an upgrade to the Adams Street sewer line that will allow for an expansion of potential sewer service to approximately 1,200 new homes. In the Woodbridge area, additional sewer lines were added to prevent any health issues as the number of residents continue to expand. The Township also bonded for \$1,305,000 to provide sewer capabilities to an area of the Township that was not served before.

The following analysis highlights the changes in net assets for the years ended December 31, 2006 and 2005:

Table 2 - Condensed Statements of Activities
"Changes in Net Assets"

| | <u>FY</u> <u>2006</u> | <u>FY</u> <u>2005</u> |
|----------------------------------|--|--|
| Program revenues | | |
| Charges for services | \$ 109,277 | \$ 162,385 |
| Capital grants and contributions | 2,163,464 | 497,999 |
| General revenues | | |
| Property taxes | 2,386,714 | 2,208,461 |
| State shared revenues | 533,166 | 536,704 |
| Unrestricted investment income | 585,826 | 266,725 |
| Miscellaneous | <u>338,145</u> | <u>401,155</u> |
| Total revenues | <u>\$ 6,116,592</u> | <u>\$ 4,073,429</u> |
| Program expenses | | |
| Legislative | \$ 73,531 | \$ 84,753 |
| General government | 393,901 | 401,804 |
| Public safety | 637,483 | 610,564 |
| Public works | 794,155 | 540,393 |
| Parks and recreation | 114,279 | 68,410 |
| Interest on long-term debt | <u>469,096</u> | <u>401,881</u> |
| Total expenses | <u>\$ 2,482,445</u> | <u>\$ 2,107,805</u> |
| Change in net assets | <u>\$ 3,634,147</u> | <u>\$ 1,965,624</u> |

ZEELAND CHARTER TOWNSHIP
Management's Discussion & Analysis
December 31, 2006

The Township's total net assets increased by \$3,634,147 during the fiscal year ending December 31, 2006, attributable mainly to the following changes: a) an increase in tax revenues as a result of continued growth and development of all property classifications within the Township; b) significantly higher rates of return being realized on our cash investments over last year; c) a \$1.3 million sewer force main is being funded by guaranteed payments from developers of three subdivisions, including approximately 500 single family homes, to be paid over a seven year period; and d) a developer also added a segment of sewer line to service his project and donated it to the Township.

Other Key Elements of this Change are as Follows:

- Total Township property tax revenue increased by \$178,253 (8 percent) over fiscal year 2005; this is largely a result of new business and homes built in the Township along with escalating property values.
- State shared revenues decreased by 0.6 percent; a trend that appears to be continuing in spite of added regulations and legislative threats.
- The rate climate for investments was significantly better in fiscal year 2006; therefore, our Treasurer showed a \$319,101 (127 percent) increase in interest revenues over the prior year.
- Impact (use) fees, paid mainly by the landfill, decreased by \$15,334 over fiscal year 2005.
- Building and zoning fees (revenues) decreased by 35% for the year because of the general slowing in the economy.
- Township general government expenses were lower as a result of less attorney expenses incurred in defending Tax Tribunal suits, and closer review and re-writing of insurance policies.
- Upgrading roads from gravel to asphalt and creating non-motorized pathways continue to be priorities for the Township and therefore result in continued spending and changes in assets.

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's combined ending governmental fund balances totaled \$10,003,679, an increase of \$1,995,130 over year ending 2005. On a regular basis the Township Board, in an effort to build savings for future projects, designates the movement of general fund balances into specific holding accounts for public safety, parks and recreation and public works. These funds then can be tapped for special projects that would not be possible within a yearly budget, outside of incurring debt.

ZEELAND CHARTER TOWNSHIP
Management's Discussion & Analysis
December 31, 2006

Zeeland Township's funds are described as follows:

General fund is our primary operating fund.

Here are key highlights and changes:

- The Township constructed additional bike paths and sidewalks at a cost of approximately \$114,015.
- As a result of the projects and opportunities within the Township, the Board annually looks at the General fund budget as a place to provide support for other funds that may be in need of additional revenues. In 2006, transfers were made from the General fund to the Road fund, Debt service funds and Capital project funds.

Road fund levies property taxes for road improvement purposes. A one mill road millage was renewed by the Township residents during the year. In 2006, the Township expended approximately \$489,618 for construction of various road and intersection improvements. This amount was actually a reduction from the last several years, as we were waiting for approval by Michigan Department of Environmental Quality to start several approved projects. Funds received from the road millage will be held in the Road Fund and invested until they can be used in future projects.

Fire fund levies property taxes for fire protection services. In 2006, continued upgrade of fire and safety equipment required purchases through the year. Including placing an order for a new pumper truck to be delivered in 2007. The Township and fire department together also completed a vision statement that defines service expectations for the next 10 -20 years that will influence fund utilization.

Water Capital Improvements collects General fund contributions to be used for future capital improvement projects.

Adams Street Sewer Improvements accounts for the recent upgrade along Adams Street from a force main to a gravity line. The improvements were put in service at the beginning of 2006. This was bonded through Ottawa County Utilities, and at year end, they held \$ 710,195 that will be used in 2008 and 2009 to upgrade and improve two lift stations and force main downstream from the original improvements.

Byron Road Sewer Improvements – A \$1.3 million sewer force main was bonded to bring sewer service to an area of the Township that was un-served before. The bond payments are being funded solely by guaranteed payments from developers of three subdivisions, including approximately 500 single family dwellings, to be paid over a seven year period.

Sewer Capital Improvements provides funds for continued expansion of sewer systems within the Township and is funded in part by the Township sewer utility property millage.

Debt service funds accumulate special assessment revenue and General fund contributions to make annual principle and interest payments.

General Fund Budgetary Highlight

Over the course of the year, the Township revised the annual operating budget several times, but only at the department/function level.

ZEELAND CHARTER TOWNSHIP
Management's Discussion & Analysis
December 31, 2006

Capital Assets and Debt Administration

Capital Assets

At December 31, 2006 the Township had a \$6,490,752 investment (net of depreciation) in a broad range of capital assets, including land, land improvements, sewer and water systems, buildings and improvements, furniture and equipment. (More detailed information about capital assets can be found in the notes to basic financial statements).

Major changes that impacted the Township's capital assets in 2006 include:

- A historical marker was installed in the community of Beaverdam to recognize and celebrate the founding of the church and the surrounding community.
- Bike path extension was installed along Adams Street from 76th to 78th.
- Sewer line along Adams Street was upgraded from a force main to a gravity line; gravity sewer was added to the Woodbridge Street and 96th Avenue. area; and a sewer force main was begun that will take sewage from Byron Road to Adams Street.
- Continued upgrade of fire and safety equipment required purchases throughout the year.

Debt and Debt Administration

Total reductions of principal were \$725,000 and total additions of principal were \$1,305,000, for a net increase in long-term debt of \$580,000. As mentioned elsewhere in this analysis, this \$1,305,000 is a new bond for sewer force main from Byron Road to Adams St.

Economic Factors and Next Year's Budget and Rates

The Township's budget for 2007 has an overall property tax rate of 8.1234 which is a slight increase, over the 2006 rate. The increase is the direct result of citizens voting to renew fire and road millages to their original levels prior to "Headlee" reductions. Because of the impact of Proposal A, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the Township can grow less than inflation, before considering new property additions.

The Township plans to continue maintenance and improvement of its general infrastructure, including annual improvements to roads, drains and bike paths. The 2007 budget provides for about \$1,268,083 in General fund and Road fund appropriations for these initiatives.

Contacting the Township's Financial Manager

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township's Clerk, Zeeland Charter Township, 6582 Byron Road, Zeeland, MI, 49464.

BASIC FINANCIAL STATEMENTS

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

| | <u>Primary Government</u> |
|---|------------------------------------|
| | <u>Governmental Activities</u> |
| ASSETS | |
| Cash | \$ 7,919,064 |
| Investments | 884,575 |
| Receivables, net | 4,235,207 |
| Prepaid expenses | 33,524 |
| Capital assets | |
| Land | 881,769 |
| Construction in progress | 414,275 |
| Other capital assets, net of depreciation | 5,194,708 |
| Escrow deposit | 213,214 |
| Unamortized bond discounts and premium, net | 42,784 |
| Unamortized issuance costs | <u>141,857</u> |
| TOTAL ASSETS | <u>\$ 19,960,977</u> |
| LIABILITIES | |
| Accounts payable and accrued expenses | \$ 802,548 |
| Long-term liabilities | |
| Due in less than one year | 795,000 |
| Due in more than one year | <u>9,115,000</u> |
| TOTAL LIABILITIES | <u>\$ 10,712,548</u> |
| NET ASSETS | |
| Invested in capital assets, net of related debt | \$ 2,710,753 |
| Restricted for | |
| Public Safety | 361,226 |
| Public Works | 3,692,521 |
| Debt Service | 159,311 |
| Unrestricted | <u>2,324,618</u> |
| TOTAL NET ASSETS | <u>\$ 9,248,429</u> |

See notes to financial statements

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

| FUNCTIONS/PROGRAMS | <u>Expenses</u> | <u>Program Revenues</u> | |
|---|---------------------|-----------------------------|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> |
| PRIMARY GOVERNMENT | | | |
| Governmental activities | | | |
| Legislative | \$ 73,531 | \$ - | \$ - |
| General government | 393,901 | 2,490 | - |
| Public safety | 637,483 | 88,801 | - |
| Public works | 794,155 | 17,986 | - |
| Parks and recreation | 114,279 | - | - |
| Interest on long-term debt | <u>469,096</u> | <u>-</u> | <u>-</u> |
| Total governmental activities | <u>\$ 2,482,445</u> | <u>\$ 109,277</u> | <u>\$ -</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 2,482,445</u> | <u>\$ 109,277</u> | <u>\$ -</u> |
| General revenues | | | |
| Taxes | | | |
| Property taxes, levied for general purposes | | | |
| Property taxes, levied for public works | | | |
| Property taxes, levied for roads | | | |
| Property taxes, levied for public safety | | | |
| State shared revenues | | | |
| Unrestricted investment income | | | |
| Miscellaneous | | | |
| Total general revenues | | | |
| CHANGE IN NET ASSETS | | | |
| NET ASSETS - JANUARY 1 | | | |
| NET ASSETS - DECEMBER 31 | | | |

See notes to financial statements

| <u>Capital Grants and Contributions</u> | <u>Net (Expense) Revenue Governmental Activities</u> |
|---|--|
| \$ - | \$ (73,531) |
| - | (391,411) |
| - | (548,682) |
| 2,163,464 | 1,387,295 |
| - | (114,279) |
| <u>-</u> | <u>(469,096)</u> |
| <u>\$ 2,163,464</u> | <u>\$ (209,704)</u> |
| <u>\$ 2,163,464</u> | <u>\$ (209,704)</u> |

\$ 1,005,169
 360,899
 584,076
 436,570
 533,166
 585,826
338,145

\$ 3,843,851

\$ 3,634,147

5,614,282

\$ 9,248,429

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

| | <u>General</u> | <u>Fire</u> | <u>Road</u> | <u>Sewer Capital Improvements</u> | <u>Byron Road Sewer Improvements</u> |
|--|---------------------|-------------------|-------------------|---|--|
| ASSETS | | | | | |
| Cash | | | | | |
| Designated | \$ - | \$ 226,091 | \$ - | \$ - | - |
| Unreserved | 3,083,586 | 262,095 | 853,635 | 2,239,093 | - |
| Investments | 414,734 | - | - | - | - |
| Accounts receivable | 147,631 | - | - | - | - |
| Assessments receivable | - | - | - | - | - |
| Interest receivable | 9,673 | - | - | 8,426 | - |
| Due from other funds | 141,027 | 60,482 | 80,646 | 64,841 | - |
| Due from other governmental entities | 113,482 | - | - | - | 908,623 |
| Prepaid insurance | 19,972 | 13,552 | - | - | - |
| TOTAL ASSETS | \$ 3,930,105 | \$ 562,220 | \$ 934,281 | \$ 2,312,360 | \$ 908,623 |
| LIABILITIES | | | | | |
| Bank overdraft | \$ - | \$ - | \$ - | \$ - | - |
| Accounts payable | 123,250 | 8,446 | 29,064 | 628 | - |
| Deferred revenue | 240,590 | 106,140 | 141,523 | 86,567 | - |
| Due to other funds | - | - | - | - | - |
| TOTAL LIABILITIES | \$ 363,840 | \$ 114,586 | \$ 170,587 | \$ 87,195 | \$ - |
| FUND BALANCES (DEFICIT) | | | | | |
| Designated: | | | | | |
| General government | \$ 250,000 | \$ - | \$ - | \$ - | - |
| Public safety | 600,486 | 226,091 | - | - | - |
| Public works | 288,879 | - | - | - | - |
| Parks and recreation | 291,200 | - | - | - | - |
| Unreserved-reported in: | | | | | |
| General Fund | 2,135,700 | - | - | - | - |
| Special Revenue Funds | - | 221,543 | 763,694 | - | - |
| Debt Service Funds | - | - | - | - | - |
| Capital Projects Funds | - | - | - | 2,225,165 | 908,623 |
| TOTAL FUND BALANCES (DEFICIT) | \$ 3,566,265 | \$ 447,634 | \$ 763,694 | \$ 2,225,165 | \$ 908,623 |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICIT) | \$ 3,930,105 | \$ 562,220 | \$ 934,281 | \$ 2,312,360 | \$ 908,623 |

See notes to financial statements

| Adams Street Sewer Bond | Sewer Extension Bond | Byron Road Sewer Bond | Water Consolidated Bond | Non-Major Funds | Total Governmental Funds |
|-------------------------------|----------------------------|-----------------------------|-------------------------------|---------------------|--------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | 226,091 |
| - | 766,264 | - | 53,867 | 97,043 | 7,355,583 |
| - | 469,841 | - | - | - | 884,575 |
| - | - | - | - | - | 147,631 |
| 309,661 | 112,832 | 1,305,000 | 285,277 | 235,862 | 2,248,632 |
| - | 4,693 | - | - | - | 22,792 |
| - | 264 | - | 4,052 | 2,009 | 353,321 |
| - | - | - | - | 710,194 | 1,732,299 |
| - | - | - | - | - | 33,524 |
| <u>\$ 309,661</u> | <u>\$ 1,353,894</u> | <u>\$ 1,305,000</u> | <u>\$ 343,196</u> | <u>\$ 1,045,108</u> | <u>\$ 13,004,448</u> |
| \$ 437 | \$ - | \$ - | \$ - | \$ - | 437 |
| - | - | - | - | - | 161,388 |
| 309,661 | 112,832 | 1,305,000 | 285,277 | 235,862 | 2,823,452 |
| - | 15,492 | - | - | - | 15,492 |
| <u>\$ 310,098</u> | <u>\$ 128,324</u> | <u>\$ 1,305,000</u> | <u>\$ 285,277</u> | <u>\$ 235,862</u> | <u>\$ 3,000,769</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | 250,000 |
| - | - | - | - | - | 826,577 |
| - | - | - | - | - | 288,879 |
| - | - | - | - | - | 291,200 |
| - | - | - | - | - | 2,135,700 |
| - | - | - | - | - | 985,237 |
| (437) | 1,225,570 | - | 57,919 | 37,164 | 1,320,216 |
| - | - | - | - | 772,082 | 3,905,870 |
| <u>\$ (437)</u> | <u>\$ 1,225,570</u> | <u>\$ -</u> | <u>\$ 57,919</u> | <u>\$ 809,246</u> | <u>\$ 10,003,679</u> |
| <u>\$ 309,661</u> | <u>\$ 1,353,894</u> | <u>\$ 1,305,000</u> | <u>\$ 343,196</u> | <u>\$ 1,045,108</u> | <u>\$ 13,004,448</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006

| | |
|--|---------------|
| Fund balances - Total governmental funds | \$ 10,003,679 |
|--|---------------|

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

| | |
|-----------------------------------|-------------|
| Add - Capital assets | 7,719,992 |
| Deduct - Accumulated depreciation | (1,229,240) |

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

| | |
|---------------------------------------|----------|
| Add - Bond issuance costs | 156,370 |
| Deduct - Accumulated amortization | (14,513) |
| Add - Bond discounts and premium, net | 48,472 |
| Deduct - Accumulated amortization | (5,688) |
| Add- Escrow deposit | 213,214 |

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

| | |
|---|-------------|
| Deduct - Bonds payable | (9,910,000) |
| Deduct - Accrued interest on long-term debt | (66,339) |

Tax, special assessment, or other revenues unearned or unavailable in < 60 days for expenditures reported in fund statements.

| | |
|------------------------|------------------|
| Add - Receivables | 83,850 |
| Add - Deferred revenue | <u>2,248,632</u> |

| | |
|---------------------------------------|---------------------|
| Net assets of governmental activities | <u>\$ 9,248,429</u> |
|---------------------------------------|---------------------|

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

| | <u>General</u> | <u>Fire</u> | <u>Road</u> | <u>Sewer Capital Improvements</u> | <u>Byron Road Sewer Improvements</u> |
|--|---------------------|-------------------|-------------------|---|--|
| REVENUES | | | | | |
| Taxes and special assessments | \$ 1,005,169 | \$ 436,570 | \$ 584,076 | \$ 360,899 | \$ - |
| Licenses and permits | 378,445 | - | - | - | - |
| Intergovernmental revenue | 536,880 | - | - | - | - |
| Charges for services | 23,578 | - | - | - | - |
| Capital contributions | - | - | - | 138,112 | - |
| Investment income | 220,126 | 31,287 | 47,730 | 128,493 | 13,982 |
| Other revenue | 1,654 | 4,452 | 20,805 | - | - |
| TOTAL REVENUES | \$ 2,165,852 | \$ 472,309 | \$ 652,611 | \$ 627,504 | \$ 13,982 |
| EXPENDITURES | | | | | |
| Legislative | \$ 73,531 | \$ - | \$ - | \$ - | \$ - |
| General government | 366,276 | - | - | - | - |
| Public safety | 279,027 | 278,473 | - | - | - |
| Public works | 133,126 | - | 513,618 | 26,573 | - |
| Parks and recreation | 93,048 | - | - | - | - |
| Debt service | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - |
| Bond issuance costs | - | - | - | - | 35,114 |
| Capital outlay | 121,997 | 11,611 | - | 381,542 | 379,321 |
| TOTAL EXPENDITURES | \$ 1,067,005 | \$ 290,084 | \$ 513,618 | \$ 408,115 | \$ 414,435 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | \$ 1,098,847 | \$ 182,225 | \$ 138,993 | \$ 219,389 | \$ (400,453) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | \$ - | \$ - | \$ 200,000 | \$ - | \$ - |
| Transfers out | (615,000) | - | - | (95,000) | - |
| Bond proceeds | - | - | - | - | 1,305,000 |
| Bond premium | - | - | - | - | 4,076 |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ (615,000) | \$ - | \$ 200,000 | \$ (95,000) | \$ 1,309,076 |
| NET CHANGE IN FUND BALANCES | \$ 483,847 | \$ 182,225 | \$ 338,993 | \$ 124,389 | \$ 908,623 |
| FUND BALANCES - JANUARY 1 | 3,082,418 | 265,409 | 424,701 | 2,100,776 | - |
| FUND BALANCES (DEFICIT) - DECEMBER 31 | \$ 3,566,265 | \$ 447,634 | \$ 763,694 | \$ 2,225,165 | \$ 908,623 |

See notes to financial statements

| <u>Adams Street Sewer Bond</u> | <u>Sewer Extension Bond</u> | <u>Byron Road Sewer Bond</u> | <u>Water Consolidated Bond</u> | <u>Non-Major Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------------------|--------------------------------------|--|----------------------------|---|
| \$ 165,595 | \$ 29,826 | \$ - | \$ 162,709 | \$ 50,055 | \$ 2,794,899 |
| - | - | - | - | - | 378,445 |
| - | - | - | - | - | 536,880 |
| - | - | - | - | - | 23,578 |
| - | - | - | - | - | 138,112 |
| 13,372 | 66,901 | - | 17,534 | 46,402 | 585,827 |
| 500 | - | - | - | 17,986 | 45,397 |
| <u>\$ 179,467</u> | <u>\$ 96,727</u> | <u>\$ -</u> | <u>\$ 180,243</u> | <u>\$ 114,443</u> | <u>\$ 4,503,138</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | 73,531 |
| - | - | - | - | - | 366,276 |
| - | - | - | - | - | 557,500 |
| - | - | - | - | 23,490 | 696,807 |
| - | - | - | - | - | 93,048 |
| 325,000 | 85,000 | - | 205,000 | 110,000 | 725,000 |
| 106,824 | 10,395 | - | 246,618 | 11,500 | 375,337 |
| - | - | - | - | - | 35,114 |
| - | - | - | - | - | 894,471 |
| <u>\$ 431,824</u> | <u>\$ 95,395</u> | <u>\$ -</u> | <u>\$ 451,618</u> | <u>\$ 144,990</u> | <u>\$ 3,817,084</u> |
| <u>\$ (252,357)</u> | <u>\$ 1,332</u> | <u>\$ -</u> | <u>\$ (271,375)</u> | <u>\$ (30,547)</u> | <u>\$ 686,054</u> |
| \$ 95,000 | \$ - | \$ - | \$ 290,000 | \$ 126,577 | \$ 711,577 |
| (1,577) | - | - | - | - | (711,577) |
| - | - | - | - | - | 1,305,000 |
| - | - | - | - | - | 4,076 |
| <u>\$ 93,423</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 290,000</u> | <u>\$ 126,577</u> | <u>\$ 1,309,076</u> |
| \$ (158,934) | \$ 1,332 | \$ - | \$ 18,625 | \$ 96,030 | \$ 1,995,130 |
| 158,497 | 1,224,238 | - | 39,294 | 713,216 | 8,008,549 |
| <u>\$ (437)</u> | <u>\$ 1,225,570</u> | <u>\$ -</u> | <u>\$ 57,919</u> | <u>\$ 809,246</u> | <u>\$ 10,003,679</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2006

Net change in fund balances - Total governmental funds \$ 1,995,130

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|-------------------------------|-----------|
| Add - Capital outlay | 894,471 |
| Deduct - Depreciation expense | (233,390) |

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.

| | |
|---|-------------|
| Add - Principal payments on long-term liabilities | 725,000 |
| Add - Bond issuance costs | 35,114 |
| Deduct - Bond premium | (4,076) |
| Deduct - Proceeds of long-term debt | (1,305,000) |

| | |
|---|-----------|
| Tax, special assessment, or other revenues unearned or unavailable in < 60 days for expenditures reported in fund statements. | 1,623,452 |
|---|-----------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

| | |
|--|-----------------|
| Deduct - Change in accrued interest on long-term debt | (18,471) |
| Deduct - Amortization of current year bond issuance costs | (9,522) |
| Deduct - Amortization of current year bond discounts and premium | (2,931) |
| Deduct - Change in escrow deposit | <u>(65,630)</u> |

| | |
|---|---------------------|
| Change in net assets of governmental activities | <u>\$ 3,634,147</u> |
|---|---------------------|

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
DECEMBER 31, 2006

| | |
|--------------------------|-----------------------------------|
| | Property Tax <u>Collection</u> |
| ASSETS | |
| Cash | \$ 354,226 |
| Receivables, net | <u> 42,462</u> |
| TOTAL ASSETS | <u>\$ 396,688</u> |
| LIABILITIES | |
| Due to other governments | <u>\$ 396,688</u> |
| TOTAL LIABILITIES | <u>\$ 396,688</u> |

See notes to financial statements

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

REPORTING ENTITY

The Township was chartered in 1984 and covers an area of approximately 34 1/2 square miles. The Township operates under an elected Board of Trustees (seven members) and provides services to its more than 7,600 residents in many areas including fire protection, community enrichment and development and human services. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The Township does not have any proprietary funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT
PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. State shared revenue, franchise fees, impact fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The Township's property tax is levied on each December 1st on the taxable valuation of property (as defined by State statutes) located in Zeeland Charter Township as of the preceding December 31st. The Township's 2006 ad valorem tax is levied and collectible on December 1, 2006, and it is the Township's policy to recognize revenue from the current tax levy in the subsequent year ended December 31, 2007.

The 2006 taxable valuation of the Township totaled \$289,507,560, on which ad valorem taxes levied consisted of 3.40 mills for the Township's operating purposes, 1.4799 mills for fire services, 1.9799 mills for roads, and 1.2234 mills for utilities. The 2006 taxable valuation of the Township's Industrial Facilities Tax roll totaled \$16,623,820, on which ad valorem taxes levied consisted of 1.70 mills for the Township's operating purposes, .73995 mills for fire services, .98995 mills for roads, and .6117 mills for utilities. These taxes raised \$1,000,230 for operating, \$436,570 for fire services, \$584,076 for roads, and \$360,889 for utilities. These amounts are recognized in the respective General, Special Revenue, and Capital Projects Fund financial statements as tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the financial resources used for the fire department within the Township.

The Road Fund accounts for the financial resources used for the construction and dust control of roads within the Township.

Sewer Capital Improvements Fund accounts for the financial resources used for the general improvements to the sewer systems within the Township.

Byron Road Sewer Improvements Fund accounts for the financial resources, including bond proceeds, used for the construction of additional sewer lines along Byron Road in the Township.

Adams Street Sewer Bond, Sewer Extension Bond, Byron Road Bond and Water Consolidated Bond Funds, account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the Township reports the following fund types:

Debt Service Funds account for the accumulation of resources for, and payment of, long-term debt principal, interest, and related costs.

Capital Projects Funds account for the financial resources used for water and sewer improvements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and conditions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments – Cash is considered to be cash on hand, demand deposits, and certificates of deposit. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Prepaid Items – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., sewer and water mains) are reported in governmental activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|----------------|
| Buildings | 40 to 60 years |
| Building improvements | 15 to 30 years |
| Land improvements | 15 to 30 years |
| Water and sewer lines | 50 to 75 years |
| Vehicles | 3 to 5 years |
| Office equipment | 5 to 7 years |
| Machinery and equipment | 3 to 20 years |

Deferred Revenue – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Long-Term Obligations – In the government-wide financial statements and in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported gross on the statement of net assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Restricted Net Assets – The Township's policy is to first apply restricted resources when an expense is incurred for which restricted and unrestricted net assets are available.

Accounting Estimates – The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the Township is the department level.

Excess of Expenditures Over Appropriations in Budgeted Funds – During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

| <u>Budget Item</u> | <u>Budget Appropriation</u> | <u>Actual Expenditure</u> | <u>Variance (Over)</u> |
|------------------------------|---------------------------------|-------------------------------|----------------------------|
| General Fund | | | |
| Legislative | | | |
| Elections | \$ 9,200 | \$ 9,657 | \$ (457) |
| General government | | | |
| Supervisor | 67,500 | 68,711 | (1,211) |
| Accounting and auditing fees | 21,300 | 21,570 | (270) |
| General office | 59,426 | 60,566 | (1,140) |
| Treasurer | 34,167 | 34,727 | (560) |
| Township hall and grounds | 52,274 | 61,316 | (9,042) |
| Public Works | | | |
| Building and administration | 75,491 | 75,512 | (21) |
| Street lighting | 22,600 | 25,562 | (2,962) |

Fund Deficits – The Township has accumulated a fund balance deficit in the following individual fund:

Adams Street Sewer Bond Fund – The Township plans to eliminate the deficit by making operating transfers to the debt service fund in the next fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Sections 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated five banks for the deposit of Township funds. The investment policy adopted by the Board is in accordance with Public Act 196 of 1997 has authorized investments in bonds and securities of the United States government, bank accounts and CD's, but not the remainder of State Statutory authority as listed above.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

| | <u>Governmental Activities</u> | <u>Fiduciary Funds</u> | <u>Total Primary Government</u> |
|-------------|------------------------------------|----------------------------|-------------------------------------|
| Cash | \$ 7,919,064 | \$ 354,226 | \$ 8,273,290 |
| Investments | <u>884,575</u> | <u>-</u> | <u>884,575</u> |
| Total | <u>\$ 8,803,639</u> | <u>\$ 354,226</u> | <u>\$ 9,157,865</u> |

The breakdown between deposits and investments is as follows:

| | <u>Primary Government</u> |
|---|-------------------------------|
| Bank deposits (checking and savings accounts, certificate of deposits) | \$ 8,273,290 |
| Investments in securities, mutual funds and similar vehicles | <u>884,575</u> |
| Total | <u>\$ 9,157,865</u> |

The bank balance of the primary government's deposits is \$8,520,470, of which \$400,000 is covered by federal depository insurance and \$8,120,470 is uninsured and uncollateralized.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Township or its agent in the Township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year-end, the Township's investment balances were categorized as follows:

| | <u>Category</u> | | | <u>Reported Amount (Fair Value)</u> |
|----------------------------|-------------------|-------------|-------------|---|
| | 1 | 2 | 3 | |
| Primary government | | | | |
| U.S. Government Securities | <u>\$ 884,575</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 884,575</u> |
| Total primary government | <u>\$ 884,575</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 884,575</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|----------------------|---------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 881,769 | \$ - | \$ - | \$ 881,769 |
| Construction in progress | <u>2,343,486</u> | <u>401,113</u> | <u>(2,330,324)</u> | <u>414,275</u> |
| Subtotal | <u>\$ 3,225,255</u> | <u>\$ 401,113</u> | <u>\$(2,330,324)</u> | <u>\$ 1,296,044</u> |
| Capital assets being depreciated | | | | |
| Buildings | \$ 928,950 | \$ - | \$ - | \$ 928,950 |
| Improvements other than buildings | 664,167 | 109,739 | - | 773,906 |
| Machinery and equipment | 1,498,888 | 11,611 | - | 1,510,499 |
| Infrastructure | <u>508,261</u> | <u>2,702,332</u> | <u>-</u> | <u>3,210,593</u> |
| Subtotal | <u>\$ 3,600,266</u> | <u>\$ 2,823,682</u> | <u>\$ -</u> | <u>\$ 6,423,948</u> |
| Less accumulated depreciation for | | | | |
| Buildings | \$ 295,508 | \$ 28,936 | \$ - | \$ 324,444 |
| Improvements other than buildings | 133,870 | 72,230 | - | 206,100 |
| Machinery and equipment | 565,316 | 73,735 | - | 639,051 |
| Infrastructure | <u>1,156</u> | <u>58,489</u> | <u>-</u> | <u>59,645</u> |
| Subtotal | <u>\$ 995,850</u> | <u>\$ 233,390</u> | <u>\$ -</u> | <u>\$ 1,229,240</u> |
| Net capital assets being depreciated | <u>\$ 2,604,416</u> | <u>\$ 2,590,292</u> | <u>\$ -</u> | <u>\$ 5,194,708</u> |
| Total capital assets – net of depreciation | <u>\$ 5,829,671</u> | <u>\$ 2,991,405</u> | <u>\$(2,330,324)</u> | <u>\$ 6,490,752</u> |

Depreciation expense was charged to programs of the primary government as follows:

| | |
|-------------------------------|-------------------|
| Governmental activities | |
| General government | \$ 27,625 |
| Public works | 104,549 |
| Parks and recreation | 21,231 |
| Public safety | <u>79,985</u> |
| Total governmental activities | <u>\$ 233,390</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| <u>Construction Commitments</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|---------------------------------|----------------------|-----------------------------|
| Watermain Improvements | \$ 379,321 | \$ 925,679 |
| Bike Paths | 12,258 | 80,742 |
| Sewer Improvements | <u>22,696</u> | <u>-</u> |
| Total | <u>\$ 414,275</u> | <u>\$ 1,006,421</u> |

NOTE 5 – DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|---------------------|---------------------|-------------------|
| Special assessments | \$ 2,248,632 | \$ - |
| Tax revenue | <u>-</u> | <u>574,820</u> |
| Total | <u>\$ 2,248,632</u> | <u>\$ 574,820</u> |

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances are as follows:

| <u>Receivable Fund</u> | | <u>Payable Fund</u> | |
|----------------------------|-------------------|----------------------|-------------------|
| Major funds: | | | |
| General | \$ 141,027 | Trust and Agency | \$ 337,829 |
| Fire | 60,482 | Major funds: | |
| Road | 80,646 | Sewer Extension Bond | <u>15,492</u> |
| Sewer Capital Improvements | 64,841 | | |
| Sewer Extension Bond | 264 | | |
| Water Consolidated Bond | 4,052 | | |
| Non-Major funds: | <u>2,009</u> | | |
| | <u>\$ 353,321</u> | | <u>\$ 353,321</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Interfund operating transfers:

| | <u>Operating Transfer In</u> | <u>Operating Transfer Out</u> |
|----------------------------|----------------------------------|-----------------------------------|
| Major funds: | | |
| General | \$ - | \$ 615,000 |
| Road | 200,000 | - |
| Sewer Capital Improvements | - | 95,000 |
| Adams Street Sewer Bond | 95,000 | 1,577 |
| Water Consolidated Bond | 290,000 | - |
| Non-Major funds: | <u>126,577</u> | <u>-</u> |
| | <u>\$ 711,577</u> | <u>\$ 711,577</u> |

NOTE 7 – LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax, sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

| | <u>Interest Rate</u> | <u>Principal Matures</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------------|--------------------------|------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| Governmental Activities | | | | | | | |
| General obligation bonds | | | | | | | |
| D/V Water Bond | 5.55-5.7% | 2019 | \$ 685,000 | \$ - | \$ (120,000) | \$ 565,000 | \$ 125,000 |
| Sewer Extension Bond | 3.7-4.35% | 2008 | 235,000 | - | (85,000) | 150,000 | 85,000 |
| D/V Sewer Bond | 2.0% | 2010 | 575,000 | - | (110,000) | 465,000 | 110,000 |
| Adams Street Sewer Bond | 2.0-5.0% | 2023 | 2,800,000 | - | (325,000) | 2,475,000 | 210,000 |
| Water Consolidated Bond | 3.0-4.0% | 2019 | 5,035,000 | - | (85,000) | 4,950,000 | 110,000 |
| Byron Road Sewer Bond | 4.0% | 2013 | <u>-</u> | <u>1,305,000</u> | <u>-</u> | <u>1,305,000</u> | <u>155,000</u> |
| Total governmental activities | | | <u>\$ 9,330,000</u> | <u>\$ 1,305,000</u> | <u>\$ (725,000)</u> | <u>\$ 9,910,000</u> | <u>\$ 795,000</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 7 – LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for the above obligations are as follows:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> | |
|---------------------------------|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2007 | \$ 795,000 | \$ 398,859 |
| 2008 | 1,110,000 | 358,521 |
| 2009 | 740,000 | 318,644 |
| 2010 | 685,000 | 289,564 |
| 2011 | 665,000 | 266,464 |
| 2012-2016 | 3,075,000 | 955,214 |
| 2017-2021 | 2,395,000 | 356,969 |
| 2022-2023 | <u>445,000</u> | <u>32,750</u> |
| Total | <u>\$ 9,910,000</u> | <u>\$ 2,976,985</u> |

NOTE 8 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance to cover all risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 – CONTINGENCIES

Zeeland Charter Township has entered into a contract providing for the acquisition, construction and financing of improvements to the Wyoming Water Supply System. The full faith and credit of Zeeland Charter Township have been pledged in the contract for making payments to Ottawa County, the issuer of the bonds, in amounts equal to 2.62% of the principal amount of the bonds actually issued and the interest thereon. The total principal amount of the bonds issued by Ottawa County was \$3,735,000.

Zeeland Charter Township has entered into a contract providing for the acquisition, construction and financing of improvements to the City of Holland Waste Water Treatment Plant. The full faith and credit of Zeeland Charter Township have been pledged in the contract for making payments to Ottawa County, the issuer of the bonds, in amounts equal to 1.24% of the principal amount of the bonds actually issued and the interest thereon. The total principal amount of the bonds issued by Ottawa County was \$11,900,000.

Zeeland Charter Township has entered into a contract providing for the acquisition, construction and financing of improvements to the Wyoming Water Supply System. The full faith and credit of Zeeland Charter Township have been pledged in the contract for making payments to Ottawa County, the issuer of the bonds, in amounts equal to 2.26% of the principal amount of the bonds actually issued and the interest thereon. The total principal amount of the bonds issued by Ottawa County was \$10,035,000.

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 10 – BUILDING DEPARTMENT

| | |
|---|---------------------|
| Revenues | |
| Inspection fees | <u>\$ 73,607</u> |
| Expenditures | |
| Salaries | \$ 104,360 |
| Fringe benefits | 11,670 |
| Office expenses | <u>17,914</u> |
| Total expenditures | <u>\$ 133,944</u> |
| Deficiency of revenues expenditures | \$ (60,337) |
| Cumulative deficiency of revenues under expenditures December 31, 2005 | <u>\$ (27,550)</u> |
| Cumulative deficiency of revenues under expenditures December 31, 2006 | <u>\$ (87,887)</u> |

REQUIRED SUPPLEMENTARY INFORMATION

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006

| | Original <u>Budget</u> | Final Amended <u>Budget</u> |
|-----------------------------|---------------------------|-----------------------------------|
| REVENUES | | |
| TAXES | | |
| Current property taxes | \$ 995,217 | \$ 1,000,178 |
| Trailer park | <u>5,000</u> | <u>5,000</u> |
| TOTAL TAXES | <u>\$ 1,000,217</u> | <u>\$ 1,005,178</u> |
| LICENSES AND PERMITS | | |
| Building permits | \$ 50,000 | \$ 50,000 |
| Mechanical permits | 30,000 | 30,000 |
| Plumbing permits | 20,000 | 20,000 |
| Electrical permits | 30,000 | 30,000 |
| Impact fees | 225,000 | 225,000 |
| Franchise fees | 25,000 | 25,000 |
| Other | <u>10,600</u> | <u>10,600</u> |
| TOTAL LICENSES AND PERMITS | <u>\$ 390,600</u> | <u>\$ 390,600</u> |
| INTERGOVERNMENTAL REVENUE | | |
| State shared revenue | <u>\$ 523,063</u> | <u>\$ 523,063</u> |
| CHARGES FOR SERVICES | | |
| Administrative fees | \$ 11,059 | \$ 11,059 |
| Sale of cemetery lots | 2,000 | 2,000 |
| Traffic code | 8,000 | 8,000 |
| Rental of township property | <u>2,000</u> | <u>2,000</u> |
| TOTAL CHARGES FOR SERVICES | <u>\$ 23,059</u> | <u>\$ 23,059</u> |
| INVESTMENT INCOME | <u>\$ 34,000</u> | <u>\$ 179,400</u> |
| MISCELLANEOUS | <u>\$ 11,000</u> | <u>\$ 21,000</u> |
| TOTAL REVENUES | <u>\$ 1,981,939</u> | <u>\$ 2,142,300</u> |

| <u>Actual</u> | <u>Variance</u> |
|---------------------|--------------------|
| \$ 1,000,230 | \$ 52 |
| <u>4,939</u> | <u>(61)</u> |
| <u>\$ 1,005,169</u> | <u>\$ (9)</u> |
| \$ 31,172 | \$ (18,828) |
| 15,907 | (14,093) |
| 11,105 | (8,895) |
| 15,423 | (14,577) |
| 269,370 | 44,370 |
| 30,591 | 5,591 |
| <u>4,877</u> | <u>(5,723)</u> |
| <u>\$ 378,445</u> | <u>\$ (12,155)</u> |
| <u>\$ 536,880</u> | <u>\$ 13,817</u> |
| \$ 10,794 | \$ (265) |
| 330 | (1,670) |
| 10,294 | 2,294 |
| <u>2,160</u> | <u>160</u> |
| <u>\$ 23,578</u> | <u>\$ 519</u> |
| <u>\$ 220,126</u> | <u>\$ 40,726</u> |
| <u>\$ 1,654</u> | <u>\$ (19,346)</u> |
| <u>\$ 2,165,852</u> | <u>\$ 23,552</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2006

| | <u>Original Budget</u> | <u>Amended Budget</u> |
|------------------------------|----------------------------|---------------------------|
| EXPENDITURES | | |
| LEGISLATIVE | | |
| Township Board | \$ 95,880 | \$ 67,880 |
| Elections | <u>8,000</u> | <u>9,200</u> |
| TOTAL LEGISLATIVE | <u>\$ 103,880</u> | <u>\$ 77,080</u> |
| GENERAL GOVERNMENT | | |
| Supervisor | \$ 67,500 | \$ 67,500 |
| Assessor | 38,570 | 31,770 |
| Professional Services | | |
| Attorney fees | 43,000 | 18,000 |
| Auditing and accounting fees | 17,500 | 21,300 |
| Insurance | 29,200 | 37,200 |
| Contingencies | 97,754 | 134,815 |
| Clerk | 30,934 | 30,934 |
| Board of Review | 892 | 392 |
| General Office | 74,426 | 59,426 |
| Treasurer | 34,167 | 34,167 |
| Township Hall and Grounds | 47,274 | 52,274 |
| Cemetery | <u>59,250</u> | <u>59,250</u> |
| TOTAL GENERAL GOVERNMENT | <u>\$ 540,467</u> | <u>\$ 547,028</u> |
| PUBLIC SAFETY | | |
| Police Protection | \$ 113,565 | \$ 113,565 |
| Fire Protection | 156,436 | 128,436 |
| Building and Administration | 75,491 | 75,491 |
| Inspections | 82,891 | 40,991 |
| Planning Commission | 42,018 | 25,018 |
| Zoning Board of Appeals | <u>3,118</u> | <u>618</u> |
| TOTAL PUBLIC SAFETY | <u>\$ 473,519</u> | <u>\$ 384,119</u> |
| PUBLIC WORKS | | |
| Drains at Large | \$ 101,000 | \$ 101,000 |
| Highways and Streets | 173 | 173 |

| <u>Actual</u> | <u>Variance</u> |
|-------------------|-------------------|
| \$ 63,874 | \$ 4,006 |
| <u>9,657</u> | <u>(457)</u> |
| \$ <u>73,531</u> | \$ <u>3,549</u> |
| | |
| \$ 68,711 | \$ (1,211) |
| 31,642 | 128 |
| 14,248 | 3,752 |
| 21,570 | (270) |
| 36,937 | 263 |
| - | 134,815 |
| 29,761 | 1,173 |
| 258 | 134 |
| 60,566 | (1,140) |
| 34,727 | (560) |
| 61,316 | (9,042) |
| <u>6,540</u> | <u>52,710</u> |
| | |
| \$ <u>366,276</u> | \$ <u>180,752</u> |
| | |
| \$ 110,547 | \$ 3,018 |
| 32,115 | 96,321 |
| 75,512 | (21) |
| 40,518 | 473 |
| 19,764 | 5,254 |
| <u>571</u> | <u>47</u> |
| | |
| \$ <u>279,027</u> | \$ <u>105,092</u> |
| | |
| \$ 75,034 | \$ 25,966 |
| - | 173 |

ZEELAND CHARTER TOWNSHIP
 OTTAWA COUNTY, MICHIGAN
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL (CONTINUED)
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2006

| | Original <u>Budget</u> | Amended <u>Budget</u> |
|--------------------------------------|---------------------------|--------------------------|
| EXPENDITURES (CONTINUED) | | |
| PUBLIC WORKS (CONTINUED) | | |
| Street Lighting | \$ 22,600 | \$ 22,600 |
| Water and Sewer Engineering | 94,000 | 64,000 |
| Black Creek Watershed | <u>7,300</u> | <u>7,300</u> |
| TOTAL PUBLIC WORKS | <u>\$ 225,073</u> | <u>\$ 195,073</u> |
| PARKS AND RECREATION | | |
| Parks and Recreation | \$ 50,000 | \$ 50,000 |
| Library | <u>50,000</u> | <u>50,000</u> |
| TOTAL PARKS AND RECREATION | <u>\$ 100,000</u> | <u>\$ 100,000</u> |
| CAPITAL OUTLAY | | |
| General Government | \$ 8,000 | \$ 8,000 |
| Public Works | <u>16,000</u> | <u>216,000</u> |
| TOTAL CAPITAL OUTLAY | <u>\$ 24,000</u> | <u>\$ 224,000</u> |
| TOTAL EXPENDITURES | <u>\$ 1,466,939</u> | <u>\$ 1,527,300</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ 515,000</u> | <u>\$ 615,000</u> |
| OTHER FINANCING USES | | |
| Transfers, net | <u>\$ (515,000)</u> | <u>\$ (615,000)</u> |
| TOTAL OTHER FINANCING USES | <u>\$ (515,000)</u> | <u>\$ (615,000)</u> |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - |
| FUND BALANCE - JANUARY 1 | <u>3,082,418</u> | <u>3,082,418</u> |
| FUND BALANCE - DECEMBER 31 | <u>\$ 3,082,418</u> | <u>\$ 3,082,418</u> |

| <u>Actual</u> | <u>Variance</u> |
|---------------------|-------------------|
| \$ 25,562 | \$ (2,962) |
| 26,340 | 37,660 |
| <u>6,190</u> | <u>1,110</u> |
| <u>\$ 133,126</u> | <u>\$ 61,947</u> |
| | |
| \$ 43,048 | \$ 6,952 |
| <u>50,000</u> | <u>-</u> |
| <u>\$ 93,048</u> | <u>\$ 6,952</u> |
| | |
| \$ 7,982 | \$ 18 |
| <u>114,015</u> | <u>101,985</u> |
| <u>\$ 121,997</u> | <u>\$ 102,003</u> |
| | |
| <u>\$ 1,067,005</u> | <u>\$ 460,295</u> |
| | |
| <u>\$ 1,098,847</u> | <u>\$ 483,847</u> |
| | |
| <u>\$ (615,000)</u> | <u>\$ -</u> |
| | |
| <u>\$ (615,000)</u> | <u>\$ -</u> |
| | |
| \$ 483,847 | \$ 483,847 |
| | |
| <u>3,082,418</u> | <u>-</u> |
| | |
| <u>\$ 3,566,265</u> | <u>\$ 483,847</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FIRE FUND
YEAR ENDED DECEMBER 31, 2006

| | Original Budget | Final Amended Budget |
|--------------------------------------|--------------------|----------------------------|
| REVENUES | | |
| Taxes | \$ 436,430 | \$ 436,430 |
| Interest | 5,000 | 5,000 |
| Other revenue | <u>1,000</u> | <u>1,000</u> |
| TOTAL REVENUES | <u>\$ 442,430</u> | <u>\$ 442,430</u> |
| EXPENDITURES | | |
| Public Safety | | |
| Salaries | \$ 152,902 | \$ 152,902 |
| Social security and benefits | 10,800 | 10,800 |
| Training and physicals | 8,500 | 8,500 |
| Supplies | 38,500 | 38,500 |
| Dues and subscriptions | 2,200 | 2,200 |
| Printing and publishing | 500 | 500 |
| Insurance | 17,000 | 17,000 |
| Utilities | 12,000 | 12,000 |
| Repairs and maintenance | 88,500 | 88,500 |
| Miscellaneous | <u>14,528</u> | <u>14,528</u> |
| Total Public Safety | <u>\$ 345,430</u> | <u>\$ 345,430</u> |
| Capital outlay | <u>\$ 97,000</u> | <u>\$ 97,000</u> |
| TOTAL EXPENDITURES | <u>\$ 442,430</u> | <u>\$ 442,430</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>\$ -</u> | <u>\$ -</u> |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - |
| FUND BALANCE - JANUARY 1 | <u>265,409</u> | <u>265,409</u> |
| FUND BALANCE - DECEMBER 31 | <u>\$ 265,409</u> | <u>\$ 265,409</u> |

| <u>Actual</u> | <u>Variance</u> |
|--------------------------|--------------------------|
| \$ 436,570 | \$ 140 |
| 31,287 | 26,287 |
| <u>4,452</u> | <u>3,452</u> |
| <u>\$ 472,309</u> | <u>\$ 29,879</u> |
| | |
| \$ 125,983 | \$ 26,919 |
| 9,652 | 1,148 |
| 7,623 | 877 |
| 17,015 | 21,485 |
| 1,550 | 650 |
| 287 | 213 |
| 16,771 | 229 |
| 8,463 | 3,537 |
| 87,235 | 1,265 |
| <u>3,894</u> | <u>10,634</u> |
| | |
| <u>\$ 278,473</u> | <u>\$ 66,957</u> |
| | |
| <u>\$ 11,611</u> | <u>\$ 85,389</u> |
| | |
| <u>\$ 290,084</u> | <u>\$ 152,346</u> |
| | |
| <u>\$ 182,225</u> | <u>\$ 182,225</u> |
| | |
| \$ 182,225 | \$ 182,225 |
| | |
| <u>265,409</u> | <u>-</u> |
| | |
| <u><u>\$ 447,634</u></u> | <u><u>\$ 182,225</u></u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
ROAD FUND
YEAR ENDED DECEMBER 31, 2006

| | Original <u>Budget</u> | Final Amended <u>Budget</u> |
|--|---------------------------|-----------------------------------|
| REVENUES | | |
| Taxes | \$ 597,539 | \$ 597,539 |
| Investment income | 8,000 | 8,000 |
| Other revenue | <u>-</u> | <u>-</u> |
| TOTAL REVENUES | <u>\$ 605,539</u> | <u>\$ 605,539</u> |
| EXPENDITURES | | |
| Public Works | | |
| Dust control | \$ 30,000 | \$ 30,000 |
| Road improvements | 616,539 | 616,539 |
| Miscellaneous | <u>59,000</u> | <u>59,000</u> |
| TOTAL EXPENDITURES | <u>\$ 705,539</u> | <u>\$ 705,539</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (100,000)</u> | <u>\$ (100,000)</u> |
| OTHER FINANCING SOURCE | | |
| Transfers in | <u>\$ 100,000</u> | <u>\$ 100,000</u> |
| TOTAL OTHER FINANCING SOURCES | <u>\$ 100,000</u> | <u>\$ 100,000</u> |
| NET CHANGE IN FUND BALANCE | \$ - | \$ - |
| FUND BALANCE - JANUARY 1 | <u>424,701</u> | <u>424,701</u> |
| FUND BALANCE - DECEMBER 31 | <u>\$ 424,701</u> | <u>\$ 424,701</u> |

| <u>Actual</u> | <u>Variance</u> |
|--------------------|--------------------|
| \$ 584,076 | \$ (13,463) |
| 47,730 | 39,730 |
| <u>20,805</u> | <u>20,805</u> |
| \$ 652,611 | \$ 47,072 |
| \$ 24,000 | \$ 6,000 |
| 489,618 | 126,921 |
| <u>-</u> | <u>59,000</u> |
| \$ 513,618 | \$ 191,921 |
| \$ 138,993 | \$ 238,993 |
| \$ 200,000 | \$ 100,000 |
| \$ 200,000 | \$ 100,000 |
| \$ 338,993 | \$ 338,993 |
| <u>424,701</u> | <u>-</u> |
| \$ 763,694 | \$ 338,993 |

ADDITIONAL INFORMATION

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

| | Debt Service <u>Fund</u> | <u>Capital Project Funds</u> | | Total Non-Major Governmental <u>Funds</u> |
|--|--------------------------------|---|--|--|
| | D/V Sewer <u>Bond</u> | Water Capital <u>Improvements</u> | Adams Street Sewer <u>Improvements</u> | |
| ASSETS | | | | |
| Cash | | | | |
| Unreserved | \$ 35,281 | \$ 61,762 | \$ - | \$ 97,043 |
| Assessments receivable | 162,828 | 73,034 | - | 235,862 |
| Due from other funds | 1,883 | 126 | - | 2,009 |
| Due from other governmental entities | <u>-</u> | <u>-</u> | <u>710,194</u> | <u>710,194</u> |
| TOTAL ASSETS | <u>\$ 199,992</u> | <u>\$ 134,922</u> | <u>\$ 710,194</u> | <u>\$ 1,045,108</u> |
| LIABILITIES | | | | |
| Deferred revenue | <u>\$ 162,828</u> | <u>\$ 73,034</u> | <u>\$ -</u> | <u>\$ 235,862</u> |
| FUND BALANCES | | | | |
| Unreserved | <u>\$ 37,164</u> | <u>\$ 61,888</u> | <u>\$ 710,194</u> | <u>\$ 809,246</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 199,992</u> | <u>\$ 134,922</u> | <u>\$ 710,194</u> | <u>\$ 1,045,108</u> |

ZEELAND CHARTER TOWNSHIP
OTTAWA COUNTY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

| | Debt Service Fund | <u>Capital Project Funds</u> | | Total Non-Major Governmental Funds |
|--|-------------------------|----------------------------------|---------------------------------------|---|
| | D/V Sewer Bond | Water Capital Improvements | Adams Street Sewer Improvements | |
| REVENUES | | | | |
| Taxes and special assessments | \$ 35,271 | \$ 14,784 | \$ - | \$ 50,055 |
| Investment income | 7,027 | 8,047 | 31,328 | 46,402 |
| Other revenue | <u>-</u> | <u>17,986</u> | <u>-</u> | <u>17,986</u> |
| TOTAL REVENUES | <u>\$ 42,298</u> | <u>\$ 40,817</u> | <u>\$ 31,328</u> | <u>\$ 114,443</u> |
| EXPENDITURES | | | | |
| Public works | \$ - | \$ 23,490 | \$ - | \$ 23,490 |
| Debt service | | | | |
| Principal retirement | 110,000 | - | - | 110,000 |
| Interest and other charges | <u>11,500</u> | <u>-</u> | <u>-</u> | <u>11,500</u> |
| TOTAL EXPENDITURES | <u>\$ 121,500</u> | <u>\$ 23,490</u> | <u>\$ -</u> | <u>\$ 144,990</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (79,202)</u> | <u>\$ 17,327</u> | <u>\$ 31,328</u> | <u>\$ (30,547)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>\$ 75,000</u> | <u>\$ 50,000</u> | <u>\$ 1,577</u> | <u>\$ 126,577</u> |
| NET CHANGE IN FUND BALANCES | \$ (4,202) | \$ 67,327 | \$ 32,905 | \$ 96,030 |
| FUND BALANCES (DEFICIT) - JANUARY 1 | <u>41,366</u> | <u>(5,439)</u> | <u>677,289</u> | <u>713,216</u> |
| FUND BALANCES - DECEMBER 31 | <u>\$ 37,164</u> | <u>\$ 61,888</u> | <u>\$ 710,194</u> | <u>\$ 809,246</u> |

June 25, 2007

To the Board of Trustees and Supervisor
of Zeeland Charter Township

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Zeeland Charter Township as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered Zeeland Charter Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. The entity does not have the capability to adjust the balances in the governmental funds to the modified accrual basis of accounting.
2. The entity does not have the capability to adjust the balances of the governmental activities to the full accrual basis of accounting.
3. The entity does not have the capability to prepare the basic financial statements, the notes to the basic financial statements, and the required supplementary information as required by generally accepted accounting principles.

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4. The entity does not record the activity for new bond issuances and the related capital expenditures in the general ledger.
5. Due to the size of the entity, certain significant processes lack a proper segregation of duties. Instances we noted included the lack of independent reconciliations of charge for services and the lack of a formal policy for approval and authorization of cash disbursements.

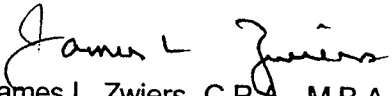
A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe the following deficiencies constitute material weaknesses:

Items numbered 1, 2, 3, and 4 as listed above.

This communication is intended solely for the information and use of management, the Board of Trustees, and other within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

FERRIS, BUSSCHER & ZWIERS, P.C.


James L. Zwiers, C.P.A., M.B.A.

JLZ\kc